

**Massachusetts
Association of
Behavioral
Health
Systems, Inc.**

115 Mill Street
Belmont, MA 02478
Phone: 617-855-3520

Michele Gougeon
President
David Matteodo
Executive Director

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Testimony to the Special Commission on the Health Care Payment System
Presented by: David Matteodo, Executive Director
Massachusetts Association of Behavioral Health Systems
February 6, 2009

On behalf of the Massachusetts Association of Behavioral Health Systems (MABHS), I appreciate the opportunity to testify before the Special Commission on the Health Care Payment System. The MABHS represents 47 inpatient mental health and substance abuse facilities in the Commonwealth, which collectively admit over 45,000 patients annually. Our hospitals provide the overwhelming majority of acute inpatient mental health and substance abuse services in the Commonwealth. The MABHS is also represented on the Health Care Cost and Quality Council Advisory Committee and the MassHealth Payment Policy Advisory Board.

As the Special Commission undertakes its mission to evaluate and make recommendations on the health care payment system, we urge you to pay particular attention to special populations such as those in need of mental health services and substance abuse services. Too often these populations are either forgotten or not given the priority attention they need by the health care system. We understand that this population represents a small part of the overall number of individuals accessing the health system, but it is nevertheless significant. Therefore, as the Commission moves forward we would like to call your attention to the following principles which should be in any design of payment for behavioral health services.

- The payment methodology should be predictable; easily understandable; and recognize the legitimate costs of behavioral health hospitals.
- The methodology should have payment incentives which are properly aligned with good patient care. The methodology needs to place the needs of the patient as the top priority. For example, if too much emphasis is placed on length of stay the financial incentives can be to expeditiously discharge patients as opposed to getting the treatment they need. Our hospitals strive to provide the necessary amount of care patients need; however competing financial incentives can place those efforts in jeopardy. Similarly, if too much emphasis is placed on hospital diversions, again behavioral health patients may not get the care they need. The goal should be the right amount of care in the right setting for the individual patient.
- It is of critical importance that the payment system provides appropriate supports for the judgments of the treating clinicians. This principle is especially important in the behavioral health field, where too often clinical decisions can be micro-managed or even over- ridden by distant third party reviewers. For example, often our facilities have to wait hours at a time for a behavioral health Carve Out firm to provide an authorization to admit a patient, thereby delaying necessary care. Further, once admitted, the care of that patient may be scrutinized extensively by the Carve Out firm reviewer who has never seen the patient and can be in a state far away from Massachusetts. There must be the correct balance between legitimate oversight by payers and the clinical expertise and judgment of the treating clinicians in any payment system

- In the design of a payment system, there needs to be an understanding and recognition of the regulatory requirements that behavioral health facilities must comply with. Our facilities have to comply with Joint Commission; Medicare; MassHealth; Department of Mental Health and Department of Public Health standards and regulations in addition to any further contractual obligations a payer may require. Different obligations imposed by payers can lead to unfunded mandates on providers. Often these standards and mandates can be difficult and expensive for our facilities to comply with; however non-compliance is not an option. The new payment system must be sensitive to these requirements on behavioral health providers.
- Related to the point stated above about the many regulatory requirements behavioral health facilities must comply with, there should be no additional mandates imposed by state agencies unless there is funding for them. Especially during a fiscal crises such as Massachusetts is currently experiencing, there should be no unfunded mandates and any consideration of new regulations should undergo a cost analysis before implementation.
- For behavioral health it is essential that the critical role the state agencies play be taken into consideration. For example, our patients and hospitals are very reliant on the Department of Mental Health and the Department of Children and Families to provide a continuum of care for certain patients who cannot be discharged to their homes. We need their collaboration and resources to help us provide for certain patients who no longer need acute care; otherwise much of the acute psychiatric system can become backlogged for both children and adults. We work closely with these agencies and need their ongoing commitment and prioritization for a system that provides a continuum of care.
- The payment system should be sensitive to realities of hospitals costs, and that those costs can increase through no fault of the hospital. Capital costs; health insurance; equipment; and labor are just some of the areas that continually exert enormous pressures on the finances of our facilities. A fair payment system must take these factors into consideration when determining reimbursement structures.

These are some of the major principles we hope the Commission will consider as it moves forward in its difficult task. I appreciate this opportunity to testify on behalf of the facilities I represent, and would like to offer to provide further information to the Commission as you proceed. Please do not hesitate to contact me. Thank you.

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MABHS Testimony